



# Treasury Notes

OFFICE OF THE STATE TREASURER OF WISCONSIN

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## Inside the Numbers

The Office of the State Treasurer of Wisconsin is in charge of Billions of dollars a day...that's BILLIONS with a "B".

The exact number for February was **\$6,199,559,203**—give or take a few cents. The numbers below are separated between the programs administered by this office.

Taking an even closer look, you will notice a huge amount of money in the form of transactions in the Local Government Investment Pool. **Total Deposits and Total Withdrawals** for the month of February reached **\$1,586,700,197**. To put that in a different perspective, our LGIP manager was dealing with **\$83,510,536 in transactions daily**.

The Unclaimed Property Unit manages nearly **\$400 Million** while trying to return as much as they can everyday. Each year, they break records in returns to claimants—last year exceeding **\$32.8 Million!**

The **\$6.2 Billion** the Office controls doesn't even count the amount of money the State Treasurer helps manage as a Commissioner on the Board of Commissioners of Public Lands. That's **\$840 Million** with **\$32.2 Million** gross earnings last year.

## The Big Board

### Local Gov. Investment Pool - Feb. 2011

\$3,165,169,601	Avg. Daily Balance
\$730,251,687	Total Deposits
\$856,448,510	Total Withdrawals
\$420,579	Interest Earnings

### College Savings Plan—Feb. 2011

\$2,634,903,732	Total Assets
\$492,752	Number of Accounts

### Board of Commissioners of Public Lands (numbers approx) - Feb. 2011

\$840,000,000	Assets or Principal
\$32,200,000	Gross Earnings FY 2010
76,260	Acres under Stewardship
\$32,000,000	Aid to Public School Libraries in 2010

### Unclaimed Property (numbers approx.)

#### Feb. 2011

\$399,485,870	Program Value
1,800,000	Number of Accounts
\$3,363,258	Claims Paid Jan. 2011
1,819	Claims Jan. 2011
\$6,796,085	Amount in Claims Paid (since start of year)
3,457	Number of Claims Paid (since start of year)
\$32,836,258	Amount in Claims Paid (2010)
33,167	Number of Claims Paid (2010)

# Treasury Notes

**“WISCONSIN  
TAXPAYERS CAN  
DEDUCT UP TO  
\$3,000 ON  
THEIR STATE  
RETURNS FOR  
EACH EDVEST  
ACCOUNT THEY  
HAVE”**

## Planning for Your Child's Success using EdVest

Despite the turbulent roller coaster that has been the stock market the past few years, Wisconsin's College Saving's Plan weathered the storm.

Here's a look at the investment portfolio for all EdVest Accounts.

There are 42 different kinds of Wells Fargo accounts ranging from conservative to moderate to aggressive. As of last month, those funds had total assets of **\$1,696,208,937.45**.

There are a total of **284,932 accounts**.

There are 2 different kinds of CD Portfolios offered by EdVest. Those funds totaled **\$22,570,661.86**. There are a total of **2,989 accounts** in the CD Portfolios.

The final group of 20 portfolios are under the heading "Tomorrow's Scholars". These portfolios, like the Wells Fargo EdVest portfolios range from aggressive to moderate to some that are

very conservative. Those **204,831 accounts** have total assets of **\$916,123,773.16**.

The Wisconsin College Savings Plan has a total of **\$2,634,903,372.47 (as of January 31st)**.



## College Savings Tax Break

Grandparents often help out with college expenses. Their generous gift can earn them a Wisconsin tax break, too... up to a **\$3,000 state tax deduction per beneficiary (child) each year**.

In addition, the break is also available to grandparents, great-grandparents, plus aunts and uncles. Larger amounts can be contributed by anyone,

but the combined deductions cannot exceed the \$3,000 limit. It is a good idea to keep good records.

Control of an account remains with the contributor, according to the 529 rules. This is handy in the event the grandchild delays or decides not to pursue higher education. In that case, the account owner could transfer the assets for another family member bene-

ficiary and keep the current and previous tax advantages.

Another consideration in planning for college is applying for financial aid. Since the rules for loans and grants, and treatment of 529 account ownership, vary from year to year, it is best to consult with the financial aid experts at the college or university.

For more information, go to [www.collegesavings.org](http://www.collegesavings.org).



## Enrollment-Based Portfolios Take Guesswork Out of Investing

When it comes to picking stock and bond investments, some people jump into internet research, while others just freeze or pick something that sounds familiar—then worry about their selections.

“Parents come with all levels of investment knowledge,” says Jim DiUlio, Director of the 529 College Savings Program. “But whether they’re hands-on or not, they want to make good choices.”

A little more than half of the EdVest and Tomorrow's Scholar accounts are in 'enrollment-based portfolios,' or accounts that change investments every few years, as the student nears college enrollment, he said.

The concept is based on asset allocation, or managing risk by mixing stocks of different-sized companies—domestic and international, along with bonds and money markets.

Every three years, the allocation becomes more conservative with respect to market fluctuation. Investment professionals determine an appropriate mix for each stage, using nearly a dozen different mutual funds along the way.

For more information on both Wisconsin 529 plans, go to [www.edvest.com](http://www.edvest.com) or [www.tomorrowsscholar.com](http://www.tomorrowsscholar.com) and click on “Program Description” for complete details.

### Unclaimed Property Through the Years

Unclaimed Property is probably the most popular of the programs run by the Office of the State Treasurer: No other state agency is helping people reunite with money they may have forgotten about!

Over the years, our ability to find owners and give them back their money has grown because of computer usage and the internet. Take a look at 2003 versus 2005.

Total cash claims in **2003** were **15,005** - or **\$9,196,710** paid out. In **2005** that jumped dramatically to **27,506** cash

claims and **\$18,891,106** paid out.

2008, 2009 and 2010 showed the largest growth in cash distribution. Claims examiners averaged **2,500 claims a month**.

In **October 2009**, staff reviewed and processed **4,670** claims, the second largest month ever.

March 2010 broke all records with examiners working on

**4,748** claims. Coincidentally, that is the month we instituted the fast tracking program and since then, examiners have been working on nearly 3,000 claims a month.

Payouts in those years:  
*(numbers are approximate)*

**2008: 25,619 claims,  
\$28,055,878 paid out.**

**2009: 26,238 claims.  
\$26,801,064 paid out.**

**2010: 33,167 claims.  
\$32,836,258 paid out.**



**“THE LGIP  
MAKES UP  
37.6% OF THE  
STATE  
INVESTMENT  
FUND...97%  
OF THE FUND  
IS CURRENTLY  
INVESTED IN  
U.S.**

### Billions of Dollars for Local Communities

The Local Government Investment Pool (LGIP) was founded in 1975 to give local governments the opportunity to combine their idle cash to make short-term investments equal to those afforded to the state government or large local governments. The LGIP has been designed to consistently maintain the integrity of local funds within a diversified and safe portfolio, provide liquidity, and offer rates of return that are competitive with comparable investments.

February's average daily balance for the pool was **\$3,165,169,602.73**. Those investments were made by nearly **1300** local municipal entities, including counties, cities, towns, villages, library systems, and sanitary districts.

The pool interest rate was **0.17%** last month, earning **\$420,579.52** after expenses. The 0.17% is **4 basis points**

**greater than the return on a  
90 Day Treasury bill.**

In fact, for the year ending December 31, 2010, LGIP's return ranked **2<sup>nd</sup> out of 186** government funds in the iMoneyNet Government Index, and placed in the top **3% of money market funds** in the iMoneyNet All Taxable Money Market Index.

The LGIP makes up **37.6% of the State Investment Fund**, the investment vehicle for cash and short-term investments of various state and local government funds. These funds are invested by the State of Wisconsin Investment Board (SWIB), which invests the funds with three objectives in mind – safety of the principal, liquidity, and competitive money market returns. **97% of the fund** is currently invested in U.S. Government Securities, and the average maturity is **49 days, which is well**

**within the 1 year prescribed  
by state guidelines.**

The LGIP remains a strong investment opportunity for local municipal entities. In coming months, Treasurer Schuller hopes to improve the efficiency of the LGIP by encouraging its depositors to switch from paper to electronic statements.





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### OFFICE OF THE STATE TREASURER

Primary Business Address  
1 South Pinckney  
Suite 360  
Madison, WI 53703  
Phone: 608-266-1714  
Fax: 608-266-2647  
E-mail:  
[OSTSocialMedia@wisconsin.gov](mailto:OSTSocialMedia@wisconsin.gov)

### We're on the Web!

[statetreasury.wi.gov](http://statetreasury.wi.gov)

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The State Treasurer is tasked with running 3 programs in charge of billions of dollars in assets: Unclaimed Property, EdVest and Local Government Investment Pool.

The most popular is Unclaimed Property. The office maintains custody and records for all property received under the uniform unclaimed property act and general escheat laws. Those with unclaimed property submit proper paperwork and examiners work to get their money back to them as quickly as possible.

Wisconsin's "529" College Savings Plan is known as EdVest. The funds are managed by Wells Fargo Funds Management, LLC. You can open an account on behalf of a designated beneficiary and the earnings will grow state and federal tax free until the time the beneficiary is ready to continue their post-secondary education including two and four-year colleges, technical, vocational, and graduate schools. Wisconsin residents can claim up to a \$3,000 credit on state taxes per account.

The Local Government Investment Pool allows local government entities to pool funds with state funds which are then invested by the State of Wisconsin Investment Board. Funds deposited in the pool are available for withdrawal on one day's notice and without penalty on interest earnings. Interest is credited to the local government accounts monthly. Average daily balance in the pool now exceeds \$3.1 billion.

For questions about "Treasury Notes", please email Ron Giordan, Community Services Specialist at [ron.giordan@wisconsin.gov](mailto:ron.giordan@wisconsin.gov) or call Ron at 608-266-5757.

## 2011-2013 Budget Proposal Highlights

The budget reduces spending by over \$4.2 billion biennially compared to the fiscal year 2010-2011. The overall general fund budget increases by \$384 million, a 1.35 percent increase over base year doubled.

In order to balance the budget and fund Medicaid, the remainder of the budget is cut by a net \$879 million GPR. Most significantly, the structural deficit is nearly erased with an estimated gap between current law revenues and expenditures of less than \$100 million in fiscal year 2013-14 and a two year gap of less than \$250 million by the end of the 2013-15 biennium.

The budget reduces school aid by \$834 million over the biennium, a 7.9 percent reduction compared to the base year doubled. School district revenue limits are reduced by 5.5 percent in fiscal year 2011-12 and held flat in fiscal year 2012-13 to ensure that this cut does not result in property tax increases. As a result of the increase in school district employee contributions toward their pension and health insurance benefits, which is estimated to save nearly \$1 billion over the biennium.

In addition to increasing health care premium contributions and seeking plan design changes in the health insur-

ance program for state employees, the budget repair bill provides flexibility to the Department of Health Services to pursue approaches to constrain health care costs in the state's Medicaid program.

The overall fiscal goals :

Foster meaningful long-term economic growth and job creation.

Balance the budget through measures that generate savings at the state and local level.

Ensure a strong and sustainable budget outlook by bringing ongoing spending in line with ongoing revenues.